

2025 South Dakota Legislature

Senate Bill 191**AMENDMENT 191D
FOR THE SENATE ENGROSSED BILL**

1 **An Act to limit annual valuation increases on owner-occupied single-family**
2 **dwellings and provide an exception for mill rate limitations on taxing**
3 **districts.**

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 **Section 1.** The Legislature finds that the principles established in Nordlinger v. Hahn, 505
6 U.S. 1 (1992), affirm the constitutionality of basing property tax assessments on the purchase
7 price of property rather than current market value, for the purpose of protecting homeowners
8 from unexpected hikes and escalating real estate values impacting the reliance interests in
9 their homes. This Act is intended to stabilize property taxes for homeowners of this state,
10 while ensuring compliance with equal protection guarantees under the United States
11 Constitution.

12 **Section 2. That § 10-6-105 be AMENDED:**

13 **10-6-105.** All real property subject to taxation ~~shall~~ must be listed and assessed
14 annually, but the value of ~~such~~ the property is to be determined according to its value on
15 the first day of November preceding the assessment, while the value of any owner-
16 occupied single-family dwelling is subject to the value limitations provided in sections 3
17 and 4 of this Act.

18 **Section 3. That chapter 10-6 be amended with a NEW SECTION:**

19 For purposes of this section, "base amount" means:

20 (1) The fair market value of any owner-occupied single-family dwelling, on November
21 1, 2020, increased by no more than three percent annually for each assessment
22 required by § 10-6-105, which was completed in 2021, 2022, 2023, and 2024;

23 (2) Where a change in ownership of an owner-occupied single-family dwelling has
24 occurred between November 2, 2020, and October 31, 2025, inclusive, the fair

1 market value of the property on the date of transfer or purchase, increased by no
 2 more than three percent annually for any assessment required by § 10-6-105,
 3 which was completed after the transfer or purchase in any year between 2021 and
 4 2024, inclusive; or

5 (3) Where a change in ownership of an owner-occupied single-family dwelling occurs
 6 on November 1, 2025, or later, the fair market value of the property.

7 For purposes of the annual assessment required by § 10-6-105, the assessed value
 8 of an owner-occupied single-family dwelling may not increase more than three percent
 9 annually, beginning with the base amount as determined for assessment year 2025, or
 10 any subsequent base year as provided in this section, whichever is later.

11 When a change in ownership of an owner-occupied single-family dwelling occurs,
 12 the property must be reassessed at its fair market value, to determine the property's base
 13 amount. When an owner-occupied single-family dwelling is sold between a willing seller
 14 and a willing buyer, with no coercion or advantage taken by either party, the property's
 15 base amount may not exceed the sales price of the property.

16 **Section 4. That a NEW SECTION be added to chapter 10-6:**

17 The base amount of any owner-occupied single-family dwelling may be further
 18 increased above the limitations provided by section 3 of this Act, if there is a change in
 19 the use or classification of the property, or to account for any addition to, or expansion
 20 of, the property.

21 An addition to, or expansion of, the property may only result in an increase in the
 22 assessed value above the limitations provided by section 3 of this Act by the difference
 23 between the real property with the addition or expansion and the real property as if no
 24 addition or expansion was made.

25 For purposes of this section, the increase in taxable value from improvements to
 26 an owner-occupied single-family dwelling does not include additions to, or improvements
 27 of, existing structures affixed to the land if the improvements result in an increased
 28 valuation of forty percent or less of the current valuation.

29 **Section 5. That a NEW SECTION be added to chapter 10-12:**

30 Notwithstanding any other provision of law, if the limitation provided by § 10-13-
 31 35 constitutes a mill rate for a taxing district greater than a mill rate limitation provided
 32 by law for the district, the district may impose a tax levy resulting in a mill rate greater
 33 than the limits set forth in law, to the extent that the revenue payable from real property

- 1 taxation in the district does not exceed the amount of revenue payable from real property
2 taxation in the 2025 tax year, increased annually by:
3 (1) The lesser of three percent or the index factor, as defined in § 10-13-38; and
4 (2) The percentage of growth in value resulting from:
5 (a) Improvements or changes in use of the real property within the district;
6 (b) Annexation or minor boundary changes of the district; and
7 (c) Adjustment in taxation or classification of property within the district.

AMENDED